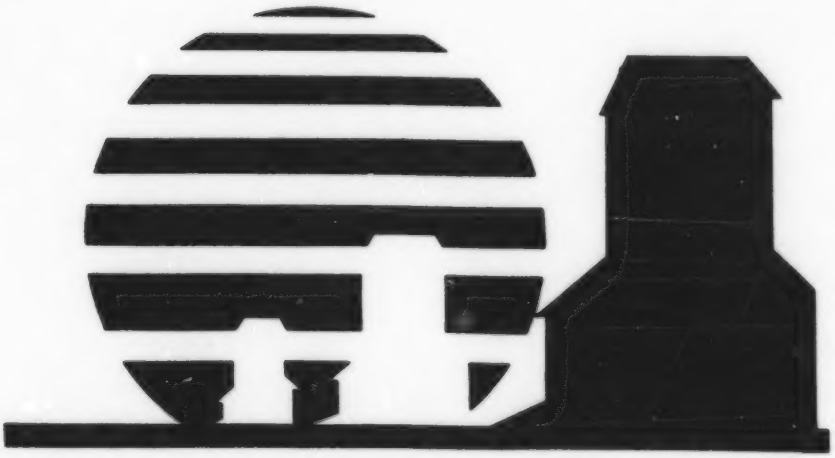
Manitoba
Agriculture

AGRICULTURAL OUTLOOK 92

GRAINS AND OILSEEDS



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GRAINS AND OILSEEDS OUTLOOK, 1992

OVERVIEW

Dramatic changes have occurred in the world scene during the past two years. The winter of 1991/92 promises to be a time of further uncertainty, particularly in terms of trade and economic concerns, as well as in terms of major world political developments. Major developments influencing Canada's grain trade and prices in 1991/92 and beyond include the following.

THE GULF WAR: The War with Iraq, the Gulf War, was essentially resolved during the spring of 1991, and further world military intervention is likely to be limited. Many major national economies, both grain sellers and buyers, continue in the grip of economic recession or transformation. However, a major positive cost factor is that world fuel prices have fallen, after rising prior to the Gulf War. Other major producers compensated for the interruption in crude oil production from Iraq and Kuwait. The oilwell fires in Kuwait have now been extinguished, and Kuwaiti oil production is gradually increasing. Although the total embargo on trade with Iraq has been partially lifted for humanitarian aid purposes, Iraq's crude oil exports and foreign earnings are still subject to a restrictive embargo and reparation conditions. This has severely restricted Iraq's ability to buy grain and has stalled Canadian Wheat Board sales to Iraq.

CIS (USSR): The Union of Soviet Socialist Republics (USSR) has been dissolved at age 74, along with the communist economic and political systems! On December 21, 1991, the Alma Ata agreement formally replaced the USSR with a Commonwealth of Independent States (CIS). One after another, the states are gradually being recognized by the world community as independent entities. However, the structural details of the new Commonwealth, its assets, liabilities, authorities and limitations, are still being negotiated at this time. The transition has so far been relatively peaceful, but deteriorating economic conditions are a major concern. The dissolution of central control has allowed the unleashing of civil unrest, ethnic violence, and the fostering of independence movements within a number of states, making polical stability still uncertain.

Soviet crops were severely reduced in 1991/92, and some newly independent states will not allow grain exports, although some oilseed or product exports into western Europe and Asia have reportedly occurred. Producers are also holding on to grain stocks as a hedge against the rapid inflation. In the state of Russia itself, a food deficit area, the excessive expansion of the money supply over the last few years has resulted in severe shortages in the state-controlled markets and severe inflation in the uncontrolled markets. Price controls were raised or eliminated at the beginning of 1992. The central grain buying agency, Exportkhleb, has been privatized and is now owned by approximately 60 companies. The USDA estimates a total grain import requirement of around 39 million tonnes for 1991/92. There is also some hope that the end-result will be an overall increase in the total demand for grain and other food-stuffs from the newly-independent, food-deficient states. However, the bleak economic situation, including the US$70-80 billion debt of which $4-10 billion is in arrears, has left great uncertainty as to the grain-buying, financing and repayment ability of the CIS or of the individual republics or states. It is apparent that without the continuation of massive aid and credit guarantees offered by western governments, the former Soviet Union would be unable to buy grain over the next year or two. State businesses and agricultural lands are now being turned back to private or group ownership. It is expected to require a number of years for most of the food-deficit states to revitalize agriculture input and production sectors, even with western assistance and training.

GATT: World trade talks under the General Agreement on Tariffs and Trade (GATT) were to reconvene on January 13, 1992. Previous talks had not yet resolved major differences in the area of agriculture, after a failure to come to an agreement in December of 1990. By late December, 1991, the lack of an agreement led to the GATT administrators drawing up a draft framework agreement, which the world's trade ministers will revise or reject. In the absence of a GATT agreement, US and EC export subsidies have remained high in 1991/92.

USA: U.S. set-aside area requirements (ARP) have been reduced for the 1992/93 crop, and US plantings are expected to be larger for most grain crops, except for soybeans. One year ago, the large prospective carryover prompted a US ARP at 10% for wheat, 7.5% for feedgrains, except oats. With the shorter supplies, the ARP has been reduced to 5% for wheat, corn, sorghum and barley, zero for oats. Target prices and loan rates are expected to be similar to

1991/92. The 1985 Farm Bill cut sharply into U.S. price supports, but the 1990 Bill spared U.S. (and world) producers from further mandated reductions to the formula loan and target rates, although some discretionary government powers will allow rate adjustments. Crop diversification into non-grain crops, especially soybeans, was encouraged by the removal of some previous cross-compliance and acreage constraints. In addition to the option of planting non-program crops on a portion of program acreage, the Bill provided for a "marketing loan" for soybeans.

The 1990 US Farm Bill provides for the continuation of large export subsidies by setting yearly minimum expenditures: $500 million for direct export price subsidies, guarantees of $500 million for short-term credit and $5 billion for long-term credit, and $200 million for "market promotion" (previously called "Targeted Export Assistance"). During the 1991 US fiscal year, U.S. export bonuses totalled US$916.6 million, close to three times the totals of fiscal 1989 and 1990, and only slightly below the US$1 billion of 1988. The U.S. has allocated export subsidies to an increased proportion of U.S. exports. Beginning in the late fall, declining government-held stock levels resulted in the payment of bonuses in cash, rather than in commodities.

EC: Europe is continuing to set in place the necessary framework for increased economic, social and political unification, including monetary union in 1996. The EC is also preparing to overhaul the Common Agriculture Policy (CAP) in a necessary attempt to control the production potential which accompanies increased membership, and to satisfy some of the GATT requirements. The current proposal entails gradually reducing internal EC prices to world price levels. While this might allow for the eventual phasing out of import tariff barriers, and the whole system of target and intervention prices, much of any tariff changes may hinge on a new GATT agreement; the EC has been proposing to reduce some tariffs under GATT in exchange for increasing others (rebalancing). The proposed CAP shift would be to a system of direct price supports, paid to crop producers, based on crop area, within EC regional maximums, and incorporating a regional yield. The new system would apparently reduce EC producer supports for crops by as much as 35%, beginning in 1992/93 for oilseeds, 1993/94 for cereals, and would reduce supports for beef by 15%. Since 1988, the EC has had voluntary set-aside programs. In France, set-aside incentives include a payment of C$192/acre (2300 francs or US$418/hectare) and

the repayment of the 5% producer corresponsibility tax. The proposed mandatory reforms have reduced producer commitments to the voluntary set-asides.

CANADA: In mid-November, 1990, federal and provincial agriculture ministers agreed to a system of farm price supports. The "safety net program" for Canadian crop producers now includes the Net Income Stabilization Account (NISA), the Gross Revenue Insurance Plan (GRIP), as well as an additional $800 million under the Farm Support and Adjustment Measures Program (FSAM-II). The new "safety nets" replace the Western Grain Stabilization program which, following the close of the 1990/91 account, was terminated with a large deficit. The GRIP program entails a program of revenue insurance, in conjunction with existing crop insurance programs. Under GRIP, target prices provide additional price indicators before seeding time.

CROP PRODUCTION: The total world grain crop was large by historical standards, but still nearly 85 million tonnes below 1990/91. A number of major grain producers had significantly smaller crops, including the U.S., Australia, and the CIS (USSR). Both Canada and the EC had larger wheat crops, while the EC also had large coarse grain and oilseed crops.

North American grain yields and production levels were below the record to near-record levels of the previous year. US acreage reduction programs reduced the US planted area in 1991. Most southern US corn and soybean areas had good to excess moisture early in the year, and there was some flooding, but conditions were progressively dry throughout much of the growing season, in both western Canadian and US prairies. The reasonably good yields obtained were due almost entirely to timely rainfall.

As the accompanying tables illustrate, world and US grain supply levels are relatively tight for 1991/92, and carryovers of wheat and coarse grains will be reduced. Canadian and European supplies were large and will facilitate larger exports, but carryovers of wheat and barley, although reduced, could still remain relatively high. Canadian flaxseed carryovers will be similar to the 1990/91 levels. Neither U.S. soybean nor Canadian canola/rapeseed supplies are in great excess, and export demand has been strong, but soybean carryover levels may not be reduced to any extent, and canola carryover will rise from last year's low.

Soil moisture levels do not appear to be recharged to any great extent by the late fall increase in snow cover. For much of southern Manitoba and for the central and northern US, crops could again be dependent on generous and timely

rainfall in 1992. By mid to late-December, an El Nino weather phenomenon was reported. The Indonesian monsoon rains were already low, Australia continued in a drought, mid-North American winter temperatures had moderated, and west coast rainfall had increased. The exact effect of the El Nino phenomenon on the timing of rainfall for the upcoming North American crops appears to be still uncertain. Also uncertain is the effect on the trade winds and on the El Nino of the after-effects of the massive Mt. Pinatubo volcano eruption which occurred in the Phillipines during the previous growing season, and which spewed ash and gases into the upper atmosphere. At present, some experts contend the result of the El Nino will be good North American yields for 1992/93, although others are still warning of the increasing potential for a mid-continent drought in either 1993 or 1992. For purposes of this report, reasonably good yields are assumed for 1992/93.

GRAIN PRICES: Grain price levels had been declining each year since the spring drought of 1988, as supplies recovered. The tighter supplies in 1991/92 have reversed that situation, and most prices bottomed after the fall harvest. The delays in USSR credits and purchasing and the continuing lack of progress at GATT did cause pressure on prices, but it appears that the seasonal price recovery patterns for wheat, corn and soymeal are occurring. Since fall, new contract highs have been reached for wheat and corn. Both US and Canadian export "asking" prices have been much stronger; however, the actual sales prices and returns to Canadian producers have lagged in their recovery because of competition from still-high U.S. and European subsidy levels. Although a GATT resolution is still far from certain at this time, some agreement is expected. It is assumed that even a phased-in resolution to GATT would reduce export subsidies and, together with an increased demand, would offset the effect of larger US and CIS (the former USSR) production. It is therefore expected that prices will generally continue the moderate price recovery into 1992/93.

WHEAT

1991/92:

Wheat production in 1991/92 was much smaller than the record to near-record levels harvested by most of the major world producers in 1990/91. Of the major exporters, only the EC had a much larger 1991/92 crop. Canada's wheat crop was

virtually identical in size to 1990/91, with the quality extremely high. Crops were reduced largely by drought in the former Soviet Union and by flooding in China, and their imports are expected to be large. World carryover stocks are forecast at 130 million tonnes, a decrease of 9% from the previous level. Much of the carryover decline will occur in the developed countries, and particularly in the US. With the increase in prices that has occurred, some restriction in developing country imports and in livestock feeding is expected and world trade may be smaller. So far, however, both Canada and the EC have achieved a high level of early-season exports.

The Canadian Wheat Board's "export asking price", instore at the St. Lawrence, had risen to over $200/tonne by late December, compared to $153 at the start of the year. US cash prices have also increased and in early December, 1991, the export bid price of US wheats at various ports was C$137-182/tonne (US$3.28-4.38/bushel), compared to C$116-151/tonne (US$2.73-3.55/bushel) a year ago.

The US and EC use of export subsidies escalated drastically in 1990/91 and has not declined to any extent during 1991/92. US export subsidies have reached US$50-60/tonne to specific markets, similar to or slightly higher than a year ago, and well above the US$10-18/tonne of two years ago. US Durum wheat exports are also subsidized again this crop year, partly to stimulate sagging export sales, with earlier US offerings to Algeria and the USSR, and recent offerings to eastern Europe. In August, 1991, Norway received a US$24/tonne bonus on Durum. Algeria received a US$63/tonne bonus in August, compared to US$32/tonne the year before, and to the $15-20 in 1989/90.

The 1990/91 CWB Red Spring wheat pool suffered an average loss of $30.24/tonne and there is therefore no final payment for 1990/91. For much of the first 5 months of the 1990/91 crop year, the Canadian Wheat Board "asking prices" were below the initial price to the producer; actual sales were made into a world market where selling prices were pushed even lower by high US and EC export subsidies. For 1991/92, however, the pool total appears likely to be in the $110-130 range, compared to a revised initial of $101 at Thunder Bay for #1CWRS.

Early this fall, Canada's Durum wheat exports to Algeria were sharply lower than a year-ago. Canada also sells Durum to countries which are not eligible for US export subsidies (Europe, Cuba and Japan), as well as to the CIS (USSR), which was slow in attaining US export credits this crop year, and to the US

itself. Durum wheat prices have been somewhat counter to bread wheat over the last two crop years. Durum prices were stronger than Red Spring through much of 1990/91, despite the larger Durum crops in both Canada and the US but the pool still suffered a loss of $20.36/tonne. In 1991/92, production increased again with the Canadian crop alone up nearly 8%. As a result, the price of Durum has increased only C$10-15/tonne and is now at a discount to bread wheats, which may stimulate purchasing. The CWB's "asking prices" for Durum were approximately $70 above the initial price, basis Thunder Bay by late December, 1991; however, Canadian exports were lagging 22%. It is questionable whether there will be any any final Durum payment for 1990/91, although for 1991/92, the total payment is expected to be $105-125 for 1CWAD, basis Thunder Bay.

1992/93:

The world wheat crop will likely be larger in 1992/93, but supplies could still be tight and prices firm because of the smaller carryin. The International Wheat Council is projecting a 575 million tonne world crop, compared to its estimate of 548 million in 1991/92; however, this would result in only a 2.5% increase in total supplies, without allowing for any major crop problems. Wheat plantings in both Canada and the US are likely to increase, weather permitting. In the US, the expected increase is largely a result of the reduction in the US wheat set-aside requirement (5% for 1992/93, compared to 7.5% for 1991/92, 10% in 1990/91, and 15% in 1989/90). The increase in the US wheat crop could be approximately 20-23% in 1992/93 if the harvested area and yields are increased; any less would result in reduced US supplies in 1992/93. US yield potential is still far from certain, though, since the winter wheat crop did not get well established last fall. Durum wheat plantings are likely to decrease in both Canada and the US. Europe may increase its spring cereal grain plantings if the oilseed program proves to be a disincentive; however, it appears that France already decreased fall Durum plantings by 4% and did not increase plantings of other fall wheats.

It is currently expected that the average cash prices of most wheats in 1992/93 may be very similar to the current year levels, if there are reasonably good North American yields attained. US grain markets are already reflecting the expectation of flat new-crop prices, but are essentially awaiting confirmation of the size and condition of the US winter wheat crop. The selling price of wheat, net of discounts, is heavily dependent on the export subsidy

levels of the US and the EC. GATT ambassadors were to resume negotiations on January 13th in an attempt to resolve the major areas of trade dispute. It seems likely that US and EC export subsidies will be reduced, although perhaps not eliminated for 1992/93, with further emphasis on credit terms, rather than on price discounts. Under this scenario, the initial CWB producer payment for 1992/93 may still be similar to the current level. A favourable GATT settlement should allow for an improvement of 5-15% in the total pool return, basis Thunder Bay or Vancouver. The net Manitoba farmgate price, though, would be adjusted by any change in the spread between the farm and the pricing base-point, such as a change in transportation rates. Durum prices are not likely to regain more of a premium over bread wheats if carryovers offset production declines in both North America and Europe.

COARSE GRAINS

The world usage of coarse grains continues to outpace production. Declines in the US, the former USSR, China, and Canada resulted in a 30 million tonne decline to an 804 million tonne world crop. In Europe, both eastern and western regions increased production. World usage is expected to be restricted by the tight supplies and many feed users will continue to resort to feeding of wheat, despite supply drawdowns and price increases in wheat also. World coarse grain carryover is expected to decline nearly 30%, to a stocks/use ratio of only 18%, the equivalent of a 2 1/4 month supply.

CORN: An 8% reduction in the 1991/92 US corn crop and a high level of domestic feeding is expected to limit US exports of corn. Large US sales of corn to the CIS (USSR) are being made under US export credit and freight guarantees, but without direct export subsidies. China's crop and exports appear to be higher than earlier expected, while Mexico's import requirements have apparently declined. Canada's corn crop was 20% larger in 1991/92 as a result of improved production across the country, and Canada will also be exporting corn to the CIS. Also in Canada, the future of the $18/tonne countervailing duty currently imposed on US corn imports into Canada is uncertain; by March 6, 1992, the duty may be eliminated. Post-harvest price recovery in US corn markets stalled awaiting announcements of US credit packages for the CIS (USSR) and by late fall, the US price of corn had increased only C$4-11/tonne (US10 to 25 cents per bushel) from the previous year.

There is some planting flexibility under the US Farm Bill and the 1992/93 corn, barley and sorghum set-aside is 5% compared to 7.5% in 1991/92. An overall increase of 1-3 million acres of corn in 1992 and a potential production increase of 5-10% is possible. However, the continuing drawdown in the corn carryover, high export demand, and increased domestic usage should offset much of the higher production. Any major crop production problems would tend to have a dramatic effect on coarse grain prices. Even without yield problems, the continuing tight supply should support US corn prices within a 5% improvement from current levels.

BARLEY: World production of barley declined an estimated 9% from 1990/91's large crop, mainly due to production declines in the CIS (USSR) and in Canada. Canada's barley crop declined 11% to 12.5 million tonnes in 1991, but supplies were down only 2%. Despite the expectations of large mid-winter exports to the CIS (USSR), Canada's barley carryover is likely to remain close to the 2.9 million tonnes of 1990/91. In comparison, the US crop increased 11% to total 10.1 million tonnes, reversing only slightly the recent downtrend in US barley carryover levels. US barley exports are expected to increase slightly from last year's 1.74 million tonnes, while imports are expected to increase from 327,000 tonnes to 457,000 tonnes in 1991/92. Although the US barley carryover is expected to increase approximately 7%, it remains well below the levels of the late 1980's.

Although they dropped sharply during the summer, US and EC export feed barley prices have since recovered to year-ago levels. By late fall, the premium Pacific Northwest prices were again in the C$140/tonne area, with the US east coast port price in the C$100-110 area. Since summer, US barley exports to Israel and Saudi Arabia have been accompanied by C$40-50/tonne (US$37-43) export bonuses, similar or slightly lower than a year-ago. European barley prices were just over C$100 (US$92/tonne) in the late fall, compared to C$93-97 (US$81-84) a year ago, and C$144-147 (US$124-127) two years ago. In Canada, the CWB continues to use a barley contracting program to access supplies for export. This has resulted in the off-Board market continuing to compete for feed barley supplies with prices often at or above the initial price at the elevator. Despite this, the off-Board price at Thunder Bay has been C$20-30/tonne below the US feed price at Duluth. The current 1991/92 CWB feed barley initial was increased to $76/tonne, basis Thunder Bay, and it is expected that the total payment could be in the $90-100/tonne area, compared to $90 for 1990/91 and $124.38 for 1989/90. The 1990/91 barley pool had an average loss of $0.23/tonne. The CWB initial barley price for 1992/93 is expected to be similar to the current level. Overall, 1992/93 prices should increase another 5% from the current year.

MALTING BARLEY: US malting barley prices continue to be depressed in 1991/92, and have declined further from year-ago levels due to a further improvement in US crop quality and supplies. US malting barley tends to be priced at a variable premium to feed and this premium has narrowed from the C$100/tonne peak

of 1988/89, to C$10-15 during 1990/91, occasionally less during 1991/92. At Minneapolis, top quality malting barley has been priced around C$125-130/tonne (US$2.45/bushel). Despite the low US cash prices, the USDA has been encouraging exports of processed malting barley, using an export bonus for malt ranging from US$30-90/tonne. Although US feed barley cash prices are higher than Canadian, US domestic malting barley prices are much lower. In contrast, Canadian Wheat Board domestic prices have been around $160-180/tonne, compared to $180-189/tonne a year ago. It appears that the 1991/92 CWB Designated Barley pool may yet return a total payment in the $115-135/tonne area for 6-Row Special Select, basis Thunder Bay, compared to $142.79 ($3.11/bushel) for 1990/91, and $210.91 for 1989/90. If the calculations under the Canada/US trade agreement result in the domestic Canadian price for malting barley falling more in line with the Minneapolis price from spring onwards that would reduce the potential pool payments for both 1991/92 and 1992/93.

OATS: Both the Canadian and the US oat crops were smaller in 1991/92, as a result of reductions in harvested area and yields. Canada's crop declined 34% to 1.89 million tonnes, while Manitoba's crop was down 38% to 231,000 tonnes. To mid-December, Canada's oat exports were 12% ahead of a year ago. Despite a large carryover from the previous year, US supplies declined 20%. US feed use of oats may be down, but food uses are expected to continue a slow growth to 1.9 million tonnes in 1991/92. The USDA has projected a 22% decline in US oat imports for a total import of 850,000 tonnes, compared to 1.09 million tonnes in 1991/92. The US is Canada's major foreign oat market, representing 94% of the 1990/91 exports. However, Canadian Grain Commission data indicates that Canada exported only 171,100 tonnes of regular shipment oats to the US in 1990/91, and 496,600 tonnes in 1989/90. Canada appears to have accounted for 15% of the US imports in 1990/91, compared to close to half in 1989/90. Larger exportable supplies allowed Scandanavian countries (primarily Finland and Sweden) to increase competion with Canada for the US market in 1990/91; however, these countries are also in the process of reconsidering their production and export subsidy programs.

By the summer of 1990, the premium for high-quality milling and pony oats over regular feed oats had been reduced to minimal levels, compared to the $20-40 premium that had existed a year or so previously. Cash oat prices have improved in 1991/92. From late October to mid-December, high-quality oat cash

prices in Minneapolis were C$102-110/tonne (US$1.40-1.50/bushel), an improvement of 14% from a year ago, while the US futures price was at approximately a US$0.15/bushel discount to the cash. Although the US carryover is expected to decline by more than 35%, and there is a zero US oat set-aside again for 1992/93, the price increase is less at the US farm level, and is likely to provide only a mild incentive to increased US oat area or harvesting in 1992/93. Despite the potential for increased US (and Canadian) oat crops in 1992/93, US oat supplies for 1992/93 could be lower than current-year levels. Although Canadian supplies may be somewhat larger in 1992/93, the tighter US supply should allow Canadian prices to increase at least 5-15%, with some volatility likely if high-quality US supplies tighten.

RYE: Canada's 1991 rye crop is estimated at 354,200 tonnes, only 50% of the 1990 crop! Manitoba's rye crop was estimated at only 58,000 tonnes. The US crop size was also small at 270,000 tonnes, and US rye imports are estimated at approximately 100,000 tonnes by the USDA, a similar situation to 1990/91. As a result of the tight supply, the Minneapolis cash price increased sharply into the fall, with most US price quotes withdrawn by November when the per-bushel US price had reached an average C$130/tonne (US$2.88/bushel), 34% above the previous year. By late fall, Thunder Bay cash and local Manitoba elevator prices had recovered to levels similar to a year ago, after suffering sharp declines into the summer months. The tighter Canadian supply has resulted in early-season rye exports well behind year-ago levels.

Canadian fall rye plantings for 1992/93 declined an estimated 22% from a year ago, while in Manitoba, plantings remained the same. Although this would indicate a potential supply decline for 1992/93, the area actually harvested will likely depend on price opportunities prior to harvest. It appears that Canadian producers harvested only half the rye area for grain in 1991 (410,000 acres of fall rye, and another 60,000 acres of spring rye) after seeding 820,000 acres in the fall of 1990. It is expected that rye will continue at a price discount to feed wheat. If feed wheat is in ample supply in 1992/93 because of a large wheat area and a reduced grade distribution, the rye discount could again be sizeable.

OILSEEDS

World production of all oilseeds in 1991/92 is estimated to be at a record 222.5 million tonnes, up 2% from 1990/91. The world soybean crop is estimated at 105.3 million tonnes, also up 2%. In the US, plantings had increased almost 4%, but yield reductions provided less than a 2% increase to 53.4 mln tonnes in the US soybean crop. In contrast, improved moisture is expected to produce a 1991/92 soybean crop in the 18 million tonne range in Brazil, compared to the drought-reduced level of 15.3 million harvested last spring. World rapeseed and palm kernel crops are expected to increase 7-9% in 1991/92, although some reductions in monthly palm production may now be occurring. As a result, the potential world supplies of vegetable oil have apparently increased more than supplies of vegetable meal, a factor which generally tends to favour high-meal crops like soybeans. China may have less soymeal to export. At the same time, world trade in protein meal is expected to continue to grow due to a desire to increase livestock feeding, particularly of poultry, fish, and prawns in developing countries. Russia's import requirements are expected to remain large over the next year or two. US export inspections of soybeans are already well ahead of the year-ago level. Both world and US soybean carryovers are expected to decline. Overall, world oilseed and protein carryovers are also expected to decline, while vegetable oil carryovers are expected to increase.

Oilseed production and demand is expected to increase further in 1992/93. European production may decline, but Asian and North American production is likely to be larger, if the weather is favourable.

Beginning in 1992/93, changes to the EC oilseed program could result in declines in price supports to EC oilseed producers of as much as 35%. Current EC oilseed price supports are achieved through a direct price subsidy which is paid to processors for the purchase of domestically-produced seed. The total EC area which would be eligible for the new support program was suggested at 2.38 million hectares (5.88 million acres) for rapeseed, compared to a 1.86 million hectare average over the previous 5 years, 2.44 million for 1991/92. Area limits for sunseed would be 2.74 million ha. (6.77 million acres), an increase of 19%, and for soybeans, 509,000 ha. (1.26 million acres), similar to 1991/92 plantings. The proposal entails a shift to a system of per hectare payments

directly to producers, either on the basis of grain or oilseed yields, varying by region or country. With an average program yield of 4.6 t/ha for grains and 2.36 t/ha for oilseeds, the EC proposal would apparently result in a C$266/acre (384 ECU/ha) payment. In contrast, proposed EC changes to grain supports are not expected to be implemented until 1993/94. EC crushers are apparently concerned that the proposed regime would result in large declines of rapeseed, sunseed and soybeans in 1992/93, and shifts to grain planting.

US soybean plantings are expected to increase only marginally, if at all, in 1992. Current price ratios favour increased corn rather than soybean plantings, despite the slightly lower US soybean carryover, and US analysts appear to be divided in opinions over whether the area will increase or decrease by up to one million acres. In addition to including oilseed products under export assistance programs, the US Farm Bill attempted to provide support to soybean production in the form of a soybean marketing loan, and increased planting flexibility. The US soybean loan rate was set at a minimum US$5.02/bushel for 1991, less a 2% origination fee, for a net of US$4.92, and it is expected to be the same in 1992. While the loan repayment rate can be set at any lower rate that will prevent loan forfeiture, or provide income assistance, this is not required if the market price is even slightly higher than the loan rate, which it appears to be in 1991/92. A small decrease in the US soybean carryover is currently expected, and therefore total US supplies for 1992/93 may be similar or slightly lower. Soybean prices in early 1991/92 have declined marginally from the previous-year levels, and the expectation for 1992/93 is for a moderate price increase in the area of 5-10% based on higher demand, with further improvements if the area is reduced.

Supplies of other US oilseeds are expected to continue to increase in 1992/93. Beginning in 1991/92, the US Farm Bill provides US farmers with a marketing loan or support price of US8.9 cents per pound on minor oilseeds, less the 2% origination fee, for a loan of C$223/tonne (US8.72 cents/pound). The actual loan extended to US farmers varies according to the transportation differential to a pricing base point. "Minor oilseeds" include canola, flax, mustardseed, sunflower and safflower, and any other oilseed the USDA names. In addition, under the 0/92 option, US producers can forgo the loan for the minor oilseeds and, instead, plant these oilseeds on 8% or more of their major crop base acreage (wheat or feed grain land), and collect 92% of the program crop's

deficiency payment. (Other crops, such as rye, triticale, mung beans, crambe, etc, may also be allowed on 0/92 land.)

Canola/Rapeseed: Rapidly expanding world rapeseed production resulted in another record crop in 1991/92. Rapeseed production increased in most major producing areas, with the exception of India and eastern Europe. The world crop is estimated at 27.2 million tonnes, compared to 25.4 in 1990/91. While world rapeseed trade is expected to increase nearly 6%, trade in rapeseed meal is expected to increase 5%, with oil trade up only 1.5%. The Canadian crop increased 31% to 4.3 million tonnes, and will allow increased domestic and export usage, as well as the possibility of an increased carryover.

EC rapeseed production increased about 19% in 1991/92 to total approximately 7.3 million tonnes, surpassing China as the world's largest producer. Under the "stabilizer regime" of the Common Agriculture Policy (CAP), the larger 1990/91 and 1991/92 crops should trigger cuts in the support or intervention prices. A 1989 GATT ruling ordered the termination of this EC oilseed support. If the EC CAP is altered as the EC Commission and agriculture ministers agreed in October, EC oilseed support prices beginning with the 1992/93 crop could be reduced by 35%. Reports indicate that EC fall plantings of rapeseed decreased 8-13%. Since the fall-sown crop accounts for 95% of the European total, a 4-12% production decline and a 6.5-7.0 million tonne crop is possible, according to European analysts for the publication, "Oil World". The reunification of Germany is expected to continue to contribute to still-large European rapeseed production, and potential production shifts within the EC. In 1991/92, eastern Germany (the former GDR) began to receive CAP price supports, and by the autumn of 1990, rapeseed plantings had already increased an estimated 50 percent in response. In addition, a number of former Soviet territories, particularly the former east Germany and the Ukraine, are surplus producers and are now reportedly shipping oilseeds and oil, mainly rapeseed and sunseed, and fishoil into western Europe and into Asia.

World rapeseed production may not decrease in 1992/93, despite the EC declines. Production increases in Eastern Europe, China, India, Canada, and the US could offset the declines in the EC. Canadian canola plantings are expected to be only slightly lower than the 1991/92 level of 8 million acres. Neither US soybean nor Canadian canola supplies should become excessive in 1992/93, and instead, may decline somewhat. Mergers and changes of ownership have occurred

in the Canadian crushing industry over the past year, and these changes promise to improve the financial viability of the industry after several years of large losses. Tariff changes are also likely to be beneficial to the Canadian crushing industry. Under "fast-track" provisions in the Canada/US trade agreement, mutual tariffs on a number of Canadian oilseed products, excluding soy and linoil, were eliminated on January 1, 1992.

Although Canada's 1991/92 canola carryover will likely return to the level of 1989/90, increased usage should prevent any further increases or any substantial further declines in price into 1992/93. Since Canada's supply of canola was not as tight as US soybeans at the start of the crop year, canola's price premium over nearby Chicago soybean futures narrowed to around $30/tonne compared to a $50 premium during much of the preceding time since August 1989. With the higher rate of domestic use and exports, canola's premium has since increased to the $40 level. Canola cash prices have declined approximately $20/tonne so far this crop year and, for the first 5 months of 1991/92, Vancouver cash canola averaged $270/tonne compared to $293-297 the previous two years. The Canadian dollar is 12% stronger than a year ago, in relation to the US dollar; however, in the first two months of the crop year, oil and meal exports to the US were still up substantially from a year ago. In terms of the Japanese yen, the Vancouver cash price has declined only 7%.

If 1991/92 soybeans and soymeal carryovers are lower than the USDA is currently projecting, oilseed complex price volatility could increase as the season progresses. In previous years, cash prices have tended to improve in April-May. Using the current USDA disposition and carryover, it appears that US soybean prices in 1992/93 would not likely improve more than approximately 5% from current levels. Canada's canola prices are expected to share in the price improvement, with potential declines in the dollar offsetting any reduction in the price premium.

<u>Flaxseed:</u> Flaxseed supplies remain high and prices remain depressed in 1991/92. World production decreased more than 12% to approximately 2.02 million tonnes. However, in 1990/91, world production had reached 2.3 million tonnes, the highest level since 1986/87, and year-end carryovers were high. The world's three largest producers, Canada, Argentina, and India have smaller crops, although India's decline is small. Canada's 1991 crop decreased 26% to 691,000 from 935,000 tonnes in 1990/91, while Manitoba's crop declined 16% to 356,000

tonnes. Despite the production declines, Canada's flaxseed supplies remain high due to large carryovers. Argentina's crop (which was about 20% harvested by the end of December) is expected to be approximately 285,000 tonnes compared to 430,000 tonnes in 1990/91. Usage, particularly of linoil, tends to be hampered by poor economic conditions. But, in addition, three major import markets, the CIS (USSR), the US, and the EC all have larger crops!

In the case of both the US and the EC, flaxseed production increases have been as a result of farm program incentives. In the EC, the UK has increased production from the 11,000 tonnes of 1987/88 to 66,000 in 1990/91, and to 175,000 in 1991/92. EC linmeal usage and prices are relatively strong; however, linoil stocks have built up over the last year and a half, and are depressing prices and reducing the expected crush. With Farm Bill support and improved weather, the US crop increased from about 31,000 tonnes in 1989 to approximately 97,000 tonnes in 1990, and to 114,000 tonnes in 1991/92. Over the previous two crop years, Europe continued to account for a large part of Canada's flaxseed exports, while the US share went from 31% to 20%. Japan, however, increased its purchases to close to 100,000 tonnes in 1990/91, surpassing the US market. Canada's early-season exports showed a one-third split between the EC, the US and Japan.

As a result of the still-large world supplies, Canadian flax cash prices have continued to decline since the 1988 drought-inspired highs. Early-season prices have averaged approximately $190/tonne at Thunder Bay, 25% below a year ago, 45% below two years ago; exports are lagging about 40% behind a year ago. In Rotterdam, linoil prices are in the US$370/tonne area, compared to the US$600-635 area a year ago, linmeal has declined 0-10%, while seed has declined approximately 20%. With the low prices and high oil stocks, flax plantings are likely to decline in 1992. In Canada, the large carryover could prevent 1992/93 supplies from declining, despite the potential planting decline. EC support price reductions under oilseed program reform could also discourage European plantings of flaxseed. US plantings are likely to continue to be high, although production levels will be dependent on moisture levels in the northern states. Unless there is a sharp drawdown in world supplies, however, the prospect for flaxseed prices in 1992/93 is for little or no improvement from 1991/92, aside from seasonal price shifts.

FORECAST OF WORLD GRAIN SUPPLY/DISPOSITION

(MLN. TONNES)	PRODUCTION				EXPORTS		IMPORTS		DOMESTIC CONSUMPTION			ENDING STOCKS		
	88/89	89/90	90/91	91/92	90/91	91/92	90/91	91/92	89/90	90/91	91/92	89/90	90/91	91/92
ALL GRAINS														
World	1565.5	1681.7	1778.7	1694.1	220.7	225.3	-	-	1700.4	1742.4	1712.9	300.1	328.5	304.5
ALL WHEAT														
World	501.4	537.6	593.1	545.4	110.2	117.0	105.5	116.8	534.3	572.2	558.6	121.8	142.7	129.5
U.S.A.	40.3	55.4	74.5	53.9	29.1	29.9	1.0	1.1	27.0	37.4	33.9	14.6	23.5	11.3
Argentina	8.4	10.2	10.5	8.5	5.4	4.1	-	-	4.6	4.8	4.5	0.0	0.3	0.2
Australia	14.1	14.1	15.1	10.0	11.8	6.8	-	-	3.1	4.0	3.5	3.0	2.3	2.0
Canada	16.8	24.6	32.7	32.8	22.1	24.5	-	0.0	5.7	6.7	6.9	6.4	10.3	11.7
China	85.4	90.8	98.2	96.0	-	-	9.5	15.0	104.5	106.0	110.0	21.6	23.3	24.3
EC-12	74.7	78.3	84.6	90.4	33.8	34.2	14.8	13.0	58.2	63.7	64.8	12.9	14.8	19.2
Eastern Europe	41.1	40.7	41.1	39.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mexico	N/A	N/A	3.9	3.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
U.S.S.R.	84.5	92.3	108.0	78.0	0.5	0.5	14.8	23.0	103.3	119.3	106.0	N/A	N/A	N/A
COARSE GRAINS														
World	733.2	800.0	833.4	803.8	97.9	95.4	94.6	93.4	824.8	821.7	809.9	124.5	135.5	129.4
U.S.A.	149.7	221.5	230.7	218.5	51.5	46.9	1.5	1.4	173.5	178.2	181.6	45.5	47.7	39.0
Argentina	7.3	8.3	11.2	10.5	5.6	6.1	-	-	4.7	5.2	4.8	0.5	0.9	0.6
Australia	6.7	6.9	6.7	6.4	3.3	2.3	0.0	0.0	4.7	3.5	4.0	0.4	0.2	0.3
Canada	19.7	23.5	25.4	22.7	4.9	5.9	0.5	0.2	19.2	18.7	19.3	4.3	5.7	3.4
China	94.2	94.6	113.5	110.6	6.9	7.4	1.0	0.9	92.9	97.2	98.3	16.7	20.2	N/A
EC-12	88.1	82.0	84.1	88.3	20.3	20.6	16.4	14.7	78.6	79.6	81.6	13.1	13.7	14.5
E. Europe	61.3	68.0	52.2	61.3	0.2	1.2	3.2	1.4	70.4	57.3	59.6	5.4	3.4	5.3
Japan	N/A	N/A	0.4	0.4	-	-	21.5	21.4	N/A	N/A	N/A	3.0	2.7	2.6
Mexico	N/A	N/A	18.4	16.8	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Thailand	5.1	4.2	4.1	4.0	1.3	1.3	-	-	N/A	N/A	N/A	N/A	N/A	N/A
U.S.S.R.	97.5	104.8	113.3	85.5	-	-	11.2	15.0	127.8	123.7	103.5	N/A	N/A	N/A
CORN														
World	400.7	461.1	479.2	483.1	63.1	62.3	61.5	61.8	480.1	438.1	479.8	71.2	81.2	81.0
U.S.A.	125.2	191.2	201.5	185.3	43.9	40.0	0.1	0.1	145.9	153.3	157.5	32.5	38.6	31.3
China	77.4	73.9	96.8	95.0	6.6	7.0	0.0	0.0	76.2	80.4	82.0	15.4	25.3	31.3
U.S.S.R	16.0	15.3	9.8	11.0	-	-	10.1	9.0		17.1	20.0	N/A	N/A	N/A
BARLEY														
World	168.7	170.1	186.5	170.9	17.8	18.2	17.8	18.2	173.4	184.9	173.2	27.5	29.1	26.7

DATASOURCE: U.S.D.A. (DEC & NOV/91 EST.), REUTERS. AUTH. EST.

NOTE: MAY NOT ADD DUE TO ROUNDING.

NOVEMBER ESTIMATE OF PRODUCTION, CANADA AND MANITOBA

	MANITOBA				WESTERN CANADA			EASTERN CANADA			ALL CANADA		
('000 Tonnes)	1988	1989	1990	1991	1989	1990	1991	1989	1990	1991	1989	1990	1991
Winter Wheat	10.9	19.1	27.2	19.1	223.6	298.1	177.4	1075.1	1390.5	743.0	1298.7	1689.6	920.4
Durum Wheat	131.0	234.0	384.0	253.0	4098.0	4262.0	4596.0	-	-	-	4098.0	4262.0	4596.0
Spring Wheat	2259.0	3810.0	5604.0	4682.0	18958.0	26532.0	27131.0	220.3	225.6	174.9	19178.3	26757.6	27305.9
ALL WHEAT	2400.9	4063.1	6015.2	4954.1	23279.6	31093.1	31904.4	1295.4	1615.1	917.9	24575.0	32709.2	32822.3
Oats	224.0	339.0	370.0	231.0	2841.7	2313.8	1496.8	704.6	537.5	397.4	3546.3	2851.3	1894.2
Barley	1089.0	1546.0	2014.0	1546.0	10401.0	12675.0	11291.0	1272.4	1249.7	1171.9	11673.4	13924.7	12462.9
Rye	58.4	198.0	147.0	58.0	830.2	669.5	311.0	43.2	43.2	43.2	873.4	712.7	354.2
Grain Corn	104.0	109.0	155.0	185.0	171.5	171.5	221.8	6207.9	6885.4	7097.1	6379.4	7156.9	7318.9
TOTAL COARSE GRAINS	1475.4	2192.0	2686.0	2065.0	14195.9	15829.8	13320.6	8228.1	8815.8	8709.6	22472.5	24645.6	22030.2
Mixed Grains(1)	42.9	61.2	26.5	30.6	301.3	107.7	106.1	689.4	664.8	554.1	990.7	772.5	660.2
TOTAL GRAINS	3919.2	6316.3	8727.7	7049.7	37776.8	47030.6	45331.1	10212.9	11096.7	10181.6	48038.2	58127.3	55512.7
Flaxseed	198.0	221.0	422.0	356.0	497.6	935.3	691.2	-	-	-	497.6	935.3	691.2
Canola/Rapeseed	612.0	399.0	472.0	826.0	3064.0	3238.0	4257.8	31.8	43.1	45.4	3095.8	3281.1	4303.2
Sunflowerseed	42.6	63.0	101.0	127.0	68.9	109.6	137.0	-	-	-	68.9	109.6	137.0
Soybeans(2)	-	-	-	-	-	-	-	1219.0	1292.0	1406.0	1219.0	1292.0	1406.0
TOTAL (4) OILSEEDS	852.6	683.0	995.0	1309.0	3630.5	4282.9	5086.0	1250.8	1335.1	1451.4	4881.3	5618.0	6537.4
Buckwheat(1)	12.4	14.6	21.8	15.2	14.6	21.8	15.2	17.6	5.7	4.6	32.2	27.5	19.8
Canaryseed	7.7	22.7	21.3	9.1	124.7	157.3	97.1	-	-	-	124.7	157.3	97.1
Dry White Beans(2)	-	-	-	-	-	-	-	77.1	106.6	124.7	77.1	106.6	124.7
Dry Peas	78.9	78.9	73.5	92.5	266.7	258.5	405.6	-	-	-	266.7	258.5	405.6
Lentils	7.3	15.0	38.1	64.0	96.2	228.8	328.4	-	-	-	96.2	228.8	328.4
Mustard Seed	8.2	9.1	15.1	10.6	163.3	251.6	146.0	-	-	-	163.3	251.6	146.0
Sugar Beets	227.0	329.0	351.5	453.8	828.0	941.5	1084.8	-	-	-	828.0	941.5	1084.8
Fodder Corn	145.0	227.0	272.0	363.0	998.0	889.0	1162.0	6229.0	6402.0	5204.0	7227.0	7282.0	6366.0
Tame Hay	1724.0	2540.0	3266.0	3719.0	15966.0	17690.0	17939.0	14870.7	15924.6	12638.6	30836.7	33614.6	30577.6
TOTAL	6982.3	10235.6	13782.0	13085.9	59864.8	71743.8	71595.2	32658.1	34870.7	29604.9	92571.4	106613.7	101200.1

(1) Data prior to 1990 is subject to further revision; (2) Data excludes Western Canada, coloured beans:
DATASOURCE: STATISTICS CANADA. 22-002

CANADA -- PRELIMINARY SITUATION FOR THE MAJOR GRAINS AND OILSEEDS, 1991/92

('000 TONNES)	SPRING & WINTER WHEAT				DURUM WHEAT				ALL WHEAT			
	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92
Area Harv. ('000ac)	26493	27222	30344	30804	5600	6450	5220	4940	32093	33672	35564	35864
Yield (bu/ac)	19.4	27.6	34.4	33.7	13.0	23.3	30.0	32.6	18.3	26.8	33.8	33.6
Stocks, Aug. 1	5764	4206	5090	8726	1541	826	1352	1488	7305	5032	6442	10214
Production	14017	20480	28447	28226	1979	4098	4262	4596	15996	24578	32709	32822
Imports	-	-	0.0	2.1	-	-	-	-	-	-	-	-
TOTAL SUPPLY	19781	24686	33537	36955	3520	4924	5614	6084	23301	29610	39152	43039
Exports	10124	14416	18689	23000	2003	2838	3222	2800	12127	17255	21910	25800
Commercial Dom.	2949	2654	2507	2550	236	329	364	375	3185	2983	2871	2925
Other Domestic	2502	2526	3615	3905	454	405	541	509	2957	2930	4156	4414
TOTAL DOMESTIC	5451	5180	6123	6455	690	734	905	884	6141	5913	7027	7339
TOTAL CARRYOVER	4206	5090	8726	7500	826	1352	1488	2400	5032	6442	10214	9900
on farms	662	550	1817	1500	125	150	550	1200	787	700	2367	2700
commercial	3544	4540	6909	6000	701	1202	938	1200	4245	5742	7920	7200
Marketings(1)	13214	18167	24123	24900	1791	3642	3425	3500	15005	21810	27548	28400
Quota Req'd (Bu/Q.Acre)	9	12	14	14	7	10	12	12				

	OATS				BARLEY				RYE			
	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92
Area Sown ('000ac)	4434	4452	4095	3547	10963	12067	12331	12176	636	1239	1069	573
Area Harv. ('000ac)	3389	4220	3005	2191	10258	11512	11618	11070	636	1239	1034	470
Yield (bu/ac)	57.3	54.5	61.5	56.1	45.7	46.5	55.0	51.7	16.6	27.8	27.1	29.7
Stocks, Aug. 1	897	684	911	976	3707	2800	2046	2921	329	211	388	362
Production	2993	3545	2851	1894	10212	11666	13925	12463	268	873	713	354
Imports	-	-	3	-	1	-	1	1	10	0	-	-
TOTAL SUPPLY	3890	4230	3765	2870	13921	14467	15971	15384	607	1084	1100	716
Exports(2)	709	726	371	425	2618	4230	4377	4000	115	295	342	300
Commercial Dom.	331	257	249	200	2471	1956	1607	1400	69	71	49	35
Other Domestic	2167	2336	2169	1645	6032	6235	7066	6984	212	331	347	231
TOTAL DOMESTIC	2498	2593	2418	1845	8503	8191	8673	8384	281	401	396	266
TOTAL CARRYOVER	684	911	976	600	2800	2046	2921	3000	211	388	362	150
on farms	413	737	815	450	1075	1037	1690	1800	70	215	240	70
commercial	271	174	161	150	1725	1009	1231	1200	141	173	122	80
Marketings(1)	1145	973	706	700	5759	5627	6425	5500	192	432	362	280

	FLAXSEED				CANOLA/RAPESEED				TOTAL MAJOR GRAINS			
	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92
Area Sown ('000ac)	1240	1480	1790	1330	9075	7175	6380	8075	58441	60085	61229	61565
Area Harv. ('000ac)	1240	1480	1790	1310	9075	7175	6380	8075	56691	59298	59391	58980
Yield (bu/ac)	11.9	13.2	20.6	20.8	20.8	19.0	22.7	23.5	-	-	-	-
Stocks, Aug. 1	412	182	54	352	651	1149	769	414	13302	10057	10610	15239
Production	373	498	935	691	4288	3096	3281	4303	34130	44258	54414	52528
Imports	-	-	0	-	12	7	19	20	-	-	-	-
TOTAL SUPPLY	785	679	990	1043	4952	4252	4069	4737	47456	54322	65047	67789
Exports(2)	455	498	494	475	1949	2048	1888	1950	17972	25052	29381	32950
Commercial Dom.	33	23	13	15	1393	1228	1397	1575	7481	6517	6187	6150
Other Domestic	116	104	130	103	461	207	370	437	11946	12143	14239	13814
TOTAL DOMESTIC	149	127	144	118	1854	1435	1767	2012	19427	18660	20426	19964
TOTAL CARRYOVER	182	54	352	450	1149	769	414	775	10057	10610	15239	14875
on farms	50	15	240	325	455	225	165	250	2850	2929	5517	5595
commercial	132	39	112	125	694	544	249	525	7207	7681	9795	9280
Marketings(1)	329	426	558	500	3499	3083	2972	3775	25929	32350	38571	39155

NOTE: AREA SOWN PER JUNE EST.; MAY NOT ADD DUE TO ROUNDING; (1) INCL. UNLIC. DEL.(2) INCL. DIRECT EXPORTS TO U.S.A., ETC.:
DATASOURCE: STATS. CANADA 22-002, CDN. GRAIN COMM. 420.3, AUTH. EST.

MANITOBA FARM SUPPLY/DISPOSITION

(000 TONNES)	BREAD WHEATS				DURUM WHEAT				ALL WHEAT			
	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92
Area Harv (000ac)	4520.0	4825.0	5230.0	5270.0	300.0	350.0	330.0	280.0	4820.0	5175.0	5560.0	5550.0
Yield (bu/ac)	18.5	29.2	39.6	32.8	16.0	24.6	42.7	33.2	18.3	28.9	39.7	32.8
Stks, Aug 1(000t)	240.0	45.0	40.0	440.0	20.0	5.0	0.0	60.0	260.0	50.0	40.0	500.0
Production	2269.9	3829.1	5831.2	4701.1	131.0	234.0	384.0	253.0	2400.9	4063.1	6015.2	4954.1
TOTAL SUPPLY	2509.9	3874.1	5671.2	5141.1	151.0	239.0	384.0	313.0	2660.9	4113.1	5055.2	5454.1
Deliveries (1)	2177.4	3548.6	4749.1	4600.0	111.2	211.8	274.6	230.0	2288.6	3760.4	5023.7	4830.0
Seed	202.1	218.5	221.3	221.5	16.0	16.0	13.7	13.7	218.1	234.5	235.0	235.2
Feed, Dockage (2)	85.4	67.0	260.9	219.6	18.8	11.2	35.7	29.3	104.2	78.2	296.5	248.9
CARRYOVER	45.0	40.0	440.0	100.0	5.0	0.0	60.0	40.0	50.0	40.0	500.0	140.0

	OATS				BARLEY				RYE			
	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92
Area Sown (000ac)	550.0	600.0	470.0	400.0	1500.0	1650.0	1600.0	1450.0	120.0	230.0	170.0	95.0
Area Harv (000ac)	400.0	500.0	390.0	280.0	1400.0	1600.0	1550.0	1350.0	120.0	230.0	170.0	80.0
Yield (bu/ac)	36.3	44.0	61.5	53.6	35.7	44.4	59.7	52.6	19.2	33.9	34.0	28.5
Stks, Aug 1(000t)	80.0	30.0	50.0	100.0	310.0	95.0	130.0	200.0	10.0	5.0	15.0	35.0
Production	224.0	339.0	370.0	231.0	1089.0	1546.0	2014.0	1546.0	58.4	198.0	147.0	58.0
TOTAL SUPPLY	304.0	369.0	420.0	331.0	1399.0	1641.0	2144.0	1746.0	68.4	203.0	162.0	93.0
Deliveries (1)	94.3	106.7	100.1	90.0	646.5	787.0	1042.5	900.0	50.3	123.3	88.4	60.0
Seed	21.4	16.8	14.3	16.1	61.6	59.7	54.1	59.7	8.9	7.7	2.9	3.0
Feed, Dockage (2)	158.3	195.5	205.6	174.9	595.9	664.3	847.4	676.3	4.2	57.0	35.7	15.0
CARRYOVER	30.0	50.0	100.0	50.0	95.0	130.0	200.0	110.0	5.0	15.0	35.0	15.0

	FLAXSEED				CANOLA/RAPESEED				TOTAL MAJOR GRAINS			
	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92	88/89	89/90	90/91	91/92
Area Harv (000ac)	700.0	700.0	800.0	650.0	1550.0	1150.0	890.0	1300.0	8990.0	9355.0	9360.0	9210.0
Yield (bu/ac)	11.1	12.4	20.8	21.5	17.4	15.3	23.4	28.0	-	-	-	-
Stks, Aug 1(000t)	60.0	15.0	5.0	75.0	20.0	40.0	15.0	15.0	740.0	4019.1	5846.2	5186.1
Production	198.0	221.0	422.0	356.0	612.0	399.0	472.0	826.0	4582.3	6766.1	9440.2	7971.1
TOTAL SUPPLY	258.0	236.0	427.0	431.0	632.0	439.0	487.0	841.0	5322.3	7001.1	9695.2	8896.1
Deliveries (1)	186.5	186.1	260.8	200.0	544.7	366.7	428.6	675.0	3810.9	5330.2	6944.1	6755.0
Seed	13.2	15.0	12.2	11.7	3.5	2.7	4.0	3.1	326.7	336.5	322.5	328.9
Feed, Dockage (2)	43.4	29.9	79.0	69.3	43.8	54.6	39.4	62.9	949.8	1079.5	1503.6	1247.2
CARRYOVER	15.0	5.0	75.0	150.0	40.0	15.0	15.0	100.0	235.0	255.0	925.0	565.0

DATASOURCE: STATS. CANADA 22-002. CDN. GRAIN COMM. 420.3. AUTH.(1) INCL. UNLIC. DEL. DIRECT EX. (2) MAY INCL UNLIC.

CANADIAN WHEAT BOARD PAYMENTS. BASIS IN-STORE THUNDER BAY OR VANCOUVER

($/Tonne) ($/Bushel)	1985/86 Total	1986/87 Total	1987/88 Total	1988/89 Total	1989/90 Total	1990/91 TOTAL (Jan/92)	1991/92 Initial (Aug/91)	1991/92 Initial (Jan/92)	Basis WINNIPEG
RED SPRING WHEAT(1)									
1CWRS,14.5%	-	-	-	215.67	181.14	139.21	99.21	105.21	86.15
	-	-	-	5.87	4.93	3.79	2.70	2.86	2.34
1CWRS,13.5%	162.21	133.53	141.81	209.71	176.73	137.21	97.21	103.21	84.15
	4.41	3.63	3.86	5.71	4.81	3.73	2.65	2.81	2.29
1CWRS	160.00	130.00	134.02	197.14	172.11	135.00	95.00	101.00	81.94
	4.35	3.54	3.65	5.37	4.68	3.67	2.59	2.75	2.23
2CWRS,13.5%	-	126.73	134.02	196.68	171.77	130.21	91.21	97.21	78.15
	-	3.45	3.65	5.35	4.67	3.54	2.48	2.65	2.13
2CWRS	154.21	124.21	127.87	191.19	168.08	129.21	89.21	95.21	76.15
	4.20	3.38	3.48	5.20	4.57	3.52	2.43	2.59	2.07
3CWRS	146.21	110.21	115.78	182.11	161.13	117.21	80.00	86.00	66.94
	3.98	3.00	3.15	4.96	4.39	3.19	2.18	2.34	1.82
1CW Utility	142.21	106.71	124.87	188.88	163.13	121.21	85.00	95.00	75.94
	3.87	2.90	3.40	5.14	4.44	3.30	2.31	2.55	2.07
2CW Utility	128.21	93.53	105.87	169.88	153.13	104.21	71.00	77.00	57.94
	3.49	2.55	2.88	4.62	4.17	2.84	1.93	2.10	1.58
Canada Feed	121.00	90.00	93.73	161.06	138.08	95.00	71.00	77.00	57.94
	3.29	2.45	2.55	4.38	3.76	2.59	1.93	2.10	1.58
1CPS (Red)	138.21	106.71	115.78	180.11	161.13	113.21	80.00	86.00	66.94
	3.76	2.90	3.15	4.90	4.39	3.08	2.18	2.34	1.82
2CPS (Red)	130.21	104.71	113.78	178.11	159.13	111.21	78.00	84.00	64.94
	3.54	2.85	3.10	4.85	4.33	3.03	2.12	2.29	1.77
1CPS (White)	-	-	-	-	-	-	80.00	91.00	71.94
							2.18	2.48	1.96
2CPS (White)	-	-	-	-	-	-	78.00	89.00	69.94
SOFT WHITE SPRING WHEAT									
1CWSWS	132.00	107.71	116.78	190.67	163.42	117.00	80.00	98.00	78.94
	3.59	2.93	3.18	5.19	4.45	3.18	2.18	2.67	2.15
2CWSWS	129.00	106.71	115.78	189.67	160.42	114.00	77.00	95.00	75.94
	3.51	2.90	3.15	5.16	4.37	3.10	2.10	2.59	2.07
3CWSWS	121.00	91.00	94.73	178.67	153.42	103.00	71.00	89.00	69.94
	3.29	2.48	2.58	4.86	4.18	2.80	1.93	2.42	1.90
AMBER DURUM WHEAT									
1CWAD	181.30	150.20	169.36	204.48	163.85	125.00	90.00	90.00	70.94
	4.93	4.09	4.61	5.57	4.46	3.40	2.45	2.45	1.93
2CWAD	176.30	145.20	164.21	199.06	158.47	122.00	87.00	87.00	67.94
	4.80	3.95	4.47	5.42	4.31	3.32	2.37	2.37	1.85
3CWAD	171.30	140.20	159.07	192.53	153.37	118.00	83.00	83.00	63.94
	4.66	3.82	4.33	5.24	4.17	3.21	2.26	2.26	1.74
4CWAD	139.43	108.38	127.47	175.39	143.16	102.00	75.00	75.00	55.94
	3.79	2.95	3.47	4.77	3.90	2.78	2.04	2.04	1.52
5CWAD	121.00	90.00	93.73	152.14	138.16	95.00	71.00	71.00	51.94
	3.29	2.45	2.55	4.14	3.76	2.59	1.93	1.93	1.41

CANADIAN WHEAT BOARD PAYMENTS, BASIS IN-STORE THUNDER BAY OR VANCOUVER

($/Tonne)	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91				1991/92			
($/Bushel)	Total	Total	Total	Total	Total	Initial (Aug/90)	Initial (Dec/90)	Adj. (Nov/91)	TOTAL (Jan/92)	Initial (Aug/91)	Initial (Nov/91)	Initial (Jan/92)	Basis WINNIPEG
RED WINTER WHEAT													
1CWRW	145.21	109.21	115.78	184.11	163.13	118.21	118.21	118.21	118.21	81.00	81.00	91.00	71.94
	3.95	2.97	3.15	5.01	4.44	3.22	3.22	3.22	3.22	2.20	2.20	2.48	1.96
2CWRW	143.21	107.21	113.78	182.11	161.13	116.21	116.21	116.21	116.21	79.00	79.00	89.00	69.94
	3.90	2.92	3.10	4.96	4.39	3.16	3.16	3.16	3.16	2.15	2.15	2.42	1.90
3CWRW	128.21	90.00	94.73	171.11	158.13	102.00	102.00	102.00	102.00	71.00	71.00	81.00	61.94
	3.49	2.45	2.58	4.66	4.30	2.78	2.78	2.78	2.78	1.93	1.93	2.20	1.69
BARLEY													
1CW	111.93	80.00	74.08	124.23	124.38	90.00	90.00	90.00	90.00	70.00	70.00	76.00	54.47
(2CW2R/6R)	2.44	1.74	1.61	2.70	2.71	1.96	1.96	1.96	1.96	1.52	1.52	1.65	1.19
2CW (1Feed)	110.00	77.00	73.08	123.54	123.69	87.00	87.00	87.00	87.00	67.00	67.00	73.00	51.47
	2.39	1.68	1.59	2.69	2.69	1.89	1.89	1.89	1.89	1.46	1.46	1.59	1.12
DESIGNATED BARLEY, 2-ROW(2)													
SSCW2R	203.40	165.00	151.67	222.75	210.91	125.00	137.50	145.50	154.79	90.00	110.00	122.00	100.47
(2CW2R)	4.43	3.59	3.30	4.85	4.59	2.72	2.99	3.17	3.37	1.96	2.39	2.66	2.19
SCW2R	200.90	160.00	149.17	220.25	208.41	120.00	132.50	140.50	152.29	85.00	105.00	117.00	95.47
(1Feed 2R)	4.37	3.48	3.25	4.80	4.54	2.61	2.88	3.06	3.32	1.85	2.29	2.55	2.08
SAMPLE SCW2R	197.50	-	146.67	202.75	205.91	116.75	129.25	137.25	149.79	81.75	101.75	113.75	92.22
(2Feed)	4.30	-	3.19	4.41	4.48	2.54	2.81	2.99	3.26	1.78	2.22	2.48	2.01
DESIGNATED BARLEY, 6-ROW(2)													
SSCW6R	183.40	155.00	145.67	214.10	201.41	115.00	127.50	135.50	142.79	80.00	100.00	112.00	90.47
(2CW6R)	3.99	3.37	3.17	4.66	4.39	2.50	2.78	2.95	3.11	1.74	2.18	2.44	1.97
SCW6R	180.90	150.00	143.17	211.60	198.91	110.00	122.50	130.50	140.29	75.00	95.00	107.00	85.47
(1Feed 6R)	3.94	3.27	3.12	4.61	4.33	2.39	2.67	2.84	3.05	1.63	2.07	2.33	1.86
SAMPLE SCW6	177.50	-	140.67	194.10	196.41	106.75	119.25	127.25	137.79	71.75	91.75	103.75	82.22
(2Feed)	3.86	-	3.06	4.23	4.28	2.32	2.60	2.77	3.00	1.56	2.00	2.26	1.79

NOTES:

(1) 1990/91 pool deficits for Wheat pool of $34.34/T,
Durum deficit of $20.36/T, Regular Barley deficit of $0.23/T;

(2) Both 2 and 6-row Barleys are in the same accounting pool:
1986/87 Regular and Designated barley pool deficits of
approx. $17/T; 1985/86 Regular pool loss of $31/T;

(3) CWB Oats pooling terminated at the end of 1988/89;
1988/89 Regular pool loss of $41.60/T.

(4) Grade changes have occurred: (Previous Grade);

(5) 2-PRICE WHEAT OFFSET for 1988/89: $85.7 Million

(6) Winnipeg based payment is an indicator only;
elevation, cleaning & freight deductions vary by location or by contract.

DATASOURCE: CANADIAN WHEAT BOARD, CANADIAN GRAIN COMMISSION